



# West Byfleet Junior School

## Finance Policy

### 1. Introduction

Governors have statutory responsibility for the financial management of maintained schools with delegated budgets.

The regulations setting out the financial management of schools are laid down in the Education Reform Act 1988, the School Standards and Framework Act 1998 and the Local Government Act 1972: s151. Detailed guidelines are contained within the Surrey Scheme for Financing Schools and the Surrey LMS Finance Manual, which can be found on the Surrey County Council website, Services for Schools.

### 2. The Purpose of the Policy is to:

- Define the responsibilities within the school and set limits of authorisation for the headteacher and other budget holders
- Provide guidance on the application of regulations
- Identify procedures to ensure that adequate arrangements are in place to guard against fraud and theft
- Set out guidelines to achieve efficiencies and value for money in the use of resources which invests in teaching and learning and takes into account the Authority's purchasing, tendering and contracting requirements.

### 3. Application

This policy covers all funds Delegated and Devolved allocated by the LA. The role of the governing Body is to:

- Set the financial priorities of the school through the:
  - School Development Plan
  - 3 year financial plan
  - The annual budget plan
- Approve and monitor the annual budget
- Ensure the budget is managed effectively & achieves value for money
- Ensure the school meets all its statutory obligations and complies with the Authority's Scheme for Financing Schools and Standing Orders

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*Policy:* Finance  
*Nominated Staff Lead:* SBM  
*Nominated Governor Lead:* Business & Safety Committee

*Status:* Non Statutory  
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- Receive and respond to auditors' reports
  - Agree limits of authorisation for the Headteacher
  - Ensure that its membership, collectively, has the requisite financial management competencies to discharge its responsibilities
  - Adopt the Local Authority Scheme of Delegation
  - Review and maintain finance policies, including Lettings and Charging & Remissions.
  - Review systems of internal financial control and submit the annual Schools Financial Value Standards return
  - Review the affordability of the School Development Plan
  - Consider the impact of student numbers on the budget over short, medium and long terms
  - Oversee the effective and safe management of the school's estate and supporting services
  - Promote good value for money by periodically undertaking retrospective studies of the use of capital or revenue funding

#### 4. Budgets and authority levels:

The Governing Body of the school shall plan and oversee the management of the school finances through:

- Approving an annual balanced budget based on the aims, objectives and priorities of the school and on the financial position of the school and its projected reserves
- Preparing, if applicable, a medium term financial plan of at least three years, updated annually
- Approving appropriate procedures, and delegation of authority, for operational implementation of the annual budget and confirming levels of virement between budget cost centres
- Monitoring effective and proper use of resources.

#### 5. Timetable:

The timetable for preparation, presentation and approval of the annual budget and school Development plan will be as follows:

Autumn term:	Review draft budget and authorise submission (November) Review school's Finance Policy
Spring term:	Receive year-end forecast (April) Prepare and submit SFVS Budget approved by Governing Body (statutory date to SCC)
Summer term:	Preparation of draft school development plan

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## 6. Expenditure and Virement Limits:

- The Headteacher has the delegated authority from the Governing Body to authorise expenditure of £5000.00 for a single transaction, or cumulative related transactions, without governor approval within the framework of the budget. The Headteacher has the delegated authority from the Governing Body to authorise virement of funds between cost centres up to the value of £1000.00 for a single transaction, or cumulative related transactions without governor approval within the framework of the budget.
- Virements in excess of the limits specified above £1000 require the approval of the Governing Body. The chair of the governing Body may approve on behalf of the Governing Body but seek ratification at the immediately following full Governing Body meeting.
- The Headteacher has authority to approve all capital purchases and building projects costing more than £2000.00 but less than £25,000.00 for which provision has been made in the budget.
- The Governing Body must agree any expenditure above these limits or for which there is no budget currently allocated.

Note: No expenditure may take place unless covered by the appropriate budget or approved virement therefrom. Payroll authorisation and other SCC cross charge authorisation are excluded from these limits provided salary and service payments are in line with the approved staffing plan and/or budget.

## 7. Purchasing and achieving best value:

The Governing Body shall maintain a policy of *best value* for all purchasing and supply and will operate in accordance with the principles of public sector procurement and contracting. All purchases will be made through the School's ordering system. The School Business Manager (SBM) shall keep records of all purchases made, including quotations received but not accepted, together with the reasons. The performance of contractors and the outcomes of purchases are continually reviewed and the policy of Best Value will be applied using the four principles:

- challenging how a service or supply is provided and why it is required
- comparing performance with other schools
- consulting with relevant stakeholders
- competing as a means of securing efficient and effective services and supplies

### Delegated limits

#### *Placing orders*

All orders for goods and services will be placed on behalf of the school by the SBM, or as set out in Point 8 (Internal Controls). Most such purchases will be low-value, and initiated ('requisitioned') by the relevant cost-centre budget-holder (in accordance with the agreed spending plans within these budgets). Medium and higher value purchases will be undertaken by the SBM implementing the contract for those goods and services.

#### *Medium value purchases (£500-£2000)*

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For any single purchase over £500, or cumulative purchases over £2000, the SBM will examine three alternative sources of supply either for the period of the contract or, if not so specified, per financial year; these may be either written quotes or drawn from suppliers' published catalogues, of which a record should be maintained. The eventual supplier will be determined by the head teacher and SBM jointly on the basis of a judgement between cost and supplier credibility.

#### *High value purchases (£5,000 or more)*

Purchases, either cumulative or single, over £5000, will be overseen by the Governing Body. This will involve approving the specification, authorising the seeking of written quotations (from at least three prospective suppliers), receiving an analysis of the responses from the SBM and head teacher and then determining the successful supplier.

## **8. Internal Controls**

Internal authorisation, subject to the purchasing limits stated in this policy, will be as follows:

<b>Process</b>	<b>Authorised to act</b>
Requisitions for orders	Budget Holder
Placing orders with suppliers Receiving deliveries Processing authorised invoices and cheques Processing payments via BACS	SBM/Office Assistant
Checking and approving invoices for payment Checking and authorising for payment, expenses forms, cheques  Monthly reporting and reclaiming of VAT, via Surrey County Council (SCC) Income received, banking slips Processing payments via BACS and approving creation of BACS file	SBM
Cheque signatories (cheques require one signature up to value £250; thereafter two signatures) Submission of checked BACS file for payment	Head teacher and 2 senior staff
Expenditure incurred by head teacher to be checked and countersigned for payment	Chair of Governors
Payroll Forms, overtime claims, supply claims	Headteacher

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## 9. Financial reporting

Financial reporting will be undertaken as set out below:

Frequency	Report	To
Monthly	Cost centre summary report Cash flow report	Head teacher, budget holders
Monthly/each half-term	Financial monitoring report, commentary	Head teacher, B&S Committee
Annually	Out-turn statement Consistent Financial Reporting (CFR) Unofficial (non-delegated grant) funds Audited accounts Budget plan	Governing Body

## 10. Payments via Bankers Automated Clearing Service (BACS)

West Byfleet Junior School's Governing Body has decided to allow payments to be made via the Bankers Automated Clearing System (BACS) in addition to the cheque payment system.

### Procedures

- The School will apply via the banking team at Surrey County Council to make BACS payments through the Shared Service Centre and will complete the required declaration. The declaration will be signed by the Head teacher and will confirm that the Governors have agreed a policy on the use of BACS which is in accordance with the Finance Manual and that the transmission of BACS files to the Shared Service Centre will be under the control of the cheque signatories for the school's local bank account.
- In accordance with Surrey County Council guidelines the School will maintain an email account specifically for the purpose of sending BACS files to the Shared Service Centre. Access to this account will be restricted to the cheque signatories of the school's local bank account. Thus, once the BACS file is created it must be checked and submitted by one of the cheque signatories of the school's local bank account.
- The creation of the BACS file will be the responsibility of the SBM, who will be the primary contact for queries from the Shared Service Centre. This responsibility may be delegated to the Office Assistant, who will be the secondary contact.

## 11. Use of Purchase/Credit card

West Byfleet Junior School's Governing Body has considered the potential risks involved in operating such a scheme in addition to its purchase order system, and has approved the acquisition and use,

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by officers of the school, of a credit card for small-scale purchasing.

#### Procedures

- The credit card will be linked to the school's bank account, and established through SCC banking team. At present this is the HSBC payment card (Visa).
- Within the limit offered by the credit card company, the Governing Body will determine an appropriate credit limit for the card. Current limits have been reviewed to £5000 per single transaction and £5000 monthly limit.
- Some transactions may request an authentication code and this is sent to the Headteacher's mobile number.
- The card will be issued to the head teacher, whose name will appear on the card and the account details. The account details are presented in the name of the school.
- The authorized users of the card must be employees of the school. In the case that any authorised user leaves the employment of the school this list will be immediately amended. The authorized users at the time of this policy being ratified will be: Head teacher and SBM.
- The card will be kept in the school safe.
- The SBM will maintain full records of credit card transactions, requiring **from each user**, at the earliest opportunity after each transaction, documentary proof (including a VAT receipt) of any goods purchased with the charge or credit card, including details of the nature and cost of those goods. Transactions will be reconciled on a monthly basis, dealing promptly with any adjustments arising. The card balance is to be cleared **in full** at the end of each month, and for which purpose a monthly direct debit instruction to the school's current account is to be set up.